

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 CAB-09 CIAE-00 COME-00 INR-10

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R 122033Z JUL 73

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 4859

INFO AMEMBASSY BUENOS AIRES

DIA

CINCSO

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E.O. 11652: N/A

TAGS: ETRN, UY, US

SUBJ: NEW URUGUAYAN CIVIL AVIATION POLICY

REF: MVD 2008

1. IN DISCUSSION WITH DIRECTOR GENERAL OF CIVIL AVIATION, COL. RAUL J. BENDAHAN, CONCERNING POSSIBILITY OF GOU GRANTING PROVISIONAL PERMIT FOR PANAM TO ADD MONTEVIDEO TO ITS WEEKLY FLIGHT 515/516 WHICH ORIGINATES IN SAN FRANCISCO AND NOW TERMINATES IN BUENOS AIRES, EMBOFFS WERE INFORMED THAT GOU IS IN PROCESS OF CHANGING ITS "FREE" POLICY TO A MORE RESTRICTIVE ONE WITH REGARD TO PASSENGER FREQUENCIES OF FOREIGN CARRIERS.

2. IN GENERAL TERMS, GOU POSITION IS AS FOLLOWS:

A. MONTEVIDEO IS NOW ADEQUATELY SERVED BY FOREIGN-FLAG PASSENGER CARRIERS.

B. OVER 80 PERCENT OF PASSENGERS ON THESE FLIGHTS ARE URUGUAYAN CITIZENS.

C. GOU CANNOT TAKE ADVANTAGE OF ANY BI-LATERAL AGREEMENTS IT MIGHT HAVE SINCE STATE AIRLINE (PLUNA) DOES NOT HAVE CAPABILITY

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FOR INTER-CONTINENTAL FLIGHTS.

D. ANY ADDITIONAL FOREIGN-FLAG FREQUENCIES WOULD BE OF LITTLE BENEFIT TO URUGUAY AND WOULD ONLY INCREASE FOREIGN EXCHANGE OUTFLOWS.

E. THEREFORE, GOU PRESENTLY CONSIDERING A POLICY WHICH WOULD REQUIRE FOREIGN CARRIERS SEEKING NEW RPT NEW FREQUENCIES TO GIVE SOME TYPE OF QUID PRO QUO TO GOU. AN EXAMPLE OF SUCH AN ARRANGEMENT WOULD BE AN EXPORT TAX (DETRACCION) ON TICKETS SOLD IN URUGUAY. TAX WOULD BE FORNE BY AIRLINE, NOT BY PASSENGER.

E. GOU HAS FORMED A COMMITTEE CONSISTING OF REPRESENTATIVES FROM THE MINISTRY OF DEFENSE, THE AIR FORCE, MINISTRY OF ECONOMY AND FINANCE, AND MINISTRY OF TRANSPORTATION, COMMUNICATIONS AND TOURISM TO DEVELOP THIS NEW POLICY.

4. PANAM REQUEST FOR NEW FREQUENCY WILL PROBABLY NOT BE GRANTED UNTIL GOU REACHES DECISION ON NEW POLICY AND ALSO DECIDES WHAT TYPE OF QUID PRO QUO IT WANTS FROM PANAM.

5. COL. BENDAHAN EMPHASIZED THAT NEW POLICY WOULD NOT AFFECT ESTABLISHED PASSENGER FREQUENCIES NOR WOULD IT AFFECT CARGO FLIGHTS. HE ALSO STATED THAT HE COULD NOT GRANT PROVISIONAL PANAM PERMIT "AT HIS LEVEL."

6. EMBOFFS REMARKED THAT EXPORT TAX ON TICKETS WHICH WOULD BE BORNE BY AIRLINES RATHER THAN PASSENGERS WOULD RESULT IN HIGHER INTERNATIONAL FARES FOR TICKETS SOLD WITHIN URUGUAY. THERE WOULD NOT ONLY BE ADMINISTRATIVE DIFFICULTIES (E.G. AIRLINES SELLING TO URUGUAYANS INTERNATIONAL TICKETS OUTSIDE OF URUGUAY) BUT ALSO REACTION BY INTERNATIONAL AIRLINES. ALSO POINTED OUT THAT URUGUAY DOES RECEIVE BENEFIT IN AIRLINE SERVICES, THAT AVAILABILITY FLIGHTS IN MONTEVIDEO WAS NOT OVERWHELMINGLY MOTIVATING FACTOR FOR URUGUAYAN TRAVELLER WHO COULD EASILY EXIT THROUGH BUENOS AIRES.

7. ACTION REQUESTED: WE PLAN TO CONTINUE DISCUSSIONS WITH GOU ON THIS ISSUE AND WOULD WELCOME DEPARTMENT COMMENTS.

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